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OTHER MATTERS

UNITED NATIONS SYSTEM REGULAR AND EXTRABUDGETARY TECHNICAL COOPERATION EXPENDITURES

Information on United Nations system regular and extrabudgetary technical cooperation expenditures in 1991 financed from sources other than UNDP

Report of the Administrator

SUMMARY

The present report is the latest in a series presented to the Governing Council each year since 1973. It responds to decision 81/34 of 27 June 1981, in which the Council requested the Administrator to continue to provide information on technical cooperation expenditures which are financed from sources other than the United Nations Development Programme.

The following issues are discussed in the report:

(a) Main issues raised in the report;

(b) Nature of the data;

(c) Regular and extrabudgetary expenditure incurred by the executing agencies;

(d) Contributions received by these agencies in support of extrabudgetary technical cooperation activities; and

(e) Expenditure by the United Nations Development Programme (UNDP), the World Food Programme (WFP) and the United Nations Children's Fund (UNICEF).

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Data from the specialized agencies, WFP, the United Nations Fund for Population Activities (UNFPA), UNICEF and UNDP for 1991 have been classified and aggregated and are presented in tables 1 to 10 of DP/1993/57/Add.1. These data are organized by agency, by sector, by recipient country and by source of financing. Table 10 is in effect a summary table as it consolidates operational expenditure into a single table, although in a somewhat aggregated form.

Overview

1. The principal purpose of the present report is to examine (a) the data on non-UNDP financed technical cooperation expenditure undertaken by the agencies, including UNFPA, and (b) the contributions to support such activities. To round off the analysis, the expenditure of UNDP, the World Bank/International Development Association (IDA), UNICEF and WFP are also discussed. The report focuses explicitly on growth; that is, the incremental change in expenditure and contributions of the organizations involved during 1985-1991. The main idea is to obtain some indication of the behaviour of the relevant magnitudes over time.

2. The report defines non-UNDP financed technical cooperation expenditures as the sum of expenditures incurred by the traditional agencies under their regular and extrabudgetary headings and by UNFPA. During 1991, such expenditures amounted to $1.123 billion compared to $1.089 billion in the previous year. Growth of non-UNDP financed technical cooperation, while oscillating within wide margins, has become more or less the norm. Over the last seven years, for example, only once did expenditure decline.

3. The traditional agencies incur technical cooperation expenditures against their regular and extrabudgetary budgets. During the period 1985-1991 regular budgetary expenditures accounted for about 30 per cent of non-UNDP financed technical cooperation expenditures in developing countries although its share has been falling over the last few years. The rate of growth of regular budget expenditure averaged 1.5 per cent during 1985-1991. In 1991, funding from this source stood at $287.5 million, representing a 23 per cent increase over the previous year.

4. The extrabudgetary expenditures of agencies reached $663 million in 1991, falling by 3.3 per cent over the previous year. Nevertheless, even after decreasing twice in the last seven years, expenditures from this source grew at about 7 per cent annually. With respect to UNFPA, the other source of non-UNDP financed technical cooperation expenditures, the volume of expenditure, which stood at $169 million in 1990, moved to $172 million during the year reviewed. The upward movement of expenditure from UNFPA maintains its unbroken record begun in 1987.

5. As in past years, regular budgetary expenditures are highly concentrated within seven agencies - the World Health Organization (WHO), the Food and Agriculture Organization of the United Nations (FAO), the International Atomic Energy Agency (IAEA), the International Labour Organisation (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the Department of Technical Cooperation for Development (DTCD), and the United Nations Industrial Development Organization (UNIDO) - accounting for 94 per cent. Extrabudgetary expenditures, on the other hand, are more dispersed by agency, implying that many more agencies - especially the smaller ones - are relying on this source to finance technical cooperation activities.

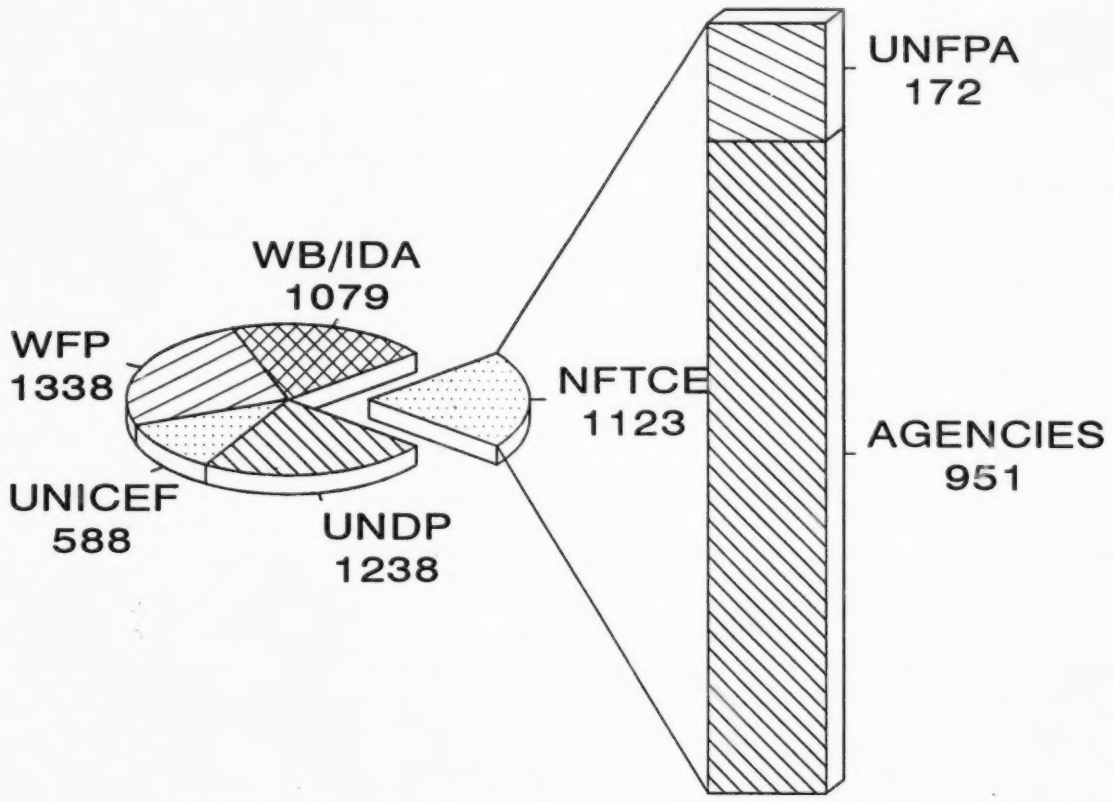
6. Total contributions received to finance the extrabudgetary expenditures of the traditional agencies amounted to $1,029.4 million as against $925.7 million in the previous year. This increase, about 11.2 per cent, continued six straight years of uninterrupted growth. As a general indicator, some two thirds of all contributions are provided by bilateral sources, while the rest comes from multilateral sources. Bilateral contributions reached $673.5 million, surpassing the amounts contributed in 1990 by about $66.4 million. Multilateral contributions totalled $355.9 million, representing an increase of 11.7 per cent over the previous year.

7. During 1991, UNDP (central resources plus administered funds) expended $1.24 billion in its efforts to foster self-reliance in developing countries. If this amount is added to those of the traditional agencies and UNFPA, then the volume of technical cooperation assistance from the United Nations system (excluding the World Bank/IDA) reached $2.36 billion in 1991. This represents an increase of 6.2 per cent over the previous year. The World Bank/IDA invested another $1.1 billion of technical cooperation expenditure in the developing world, 4.2 per cent more than the year before. As such, assistance from the United Nations system as a whole totalled $3.46 billion, moving from $3.28 billion in 1990.

8. For the purposes of the present report, expenditures by UNICEF and WFP are not counted as technical cooperation expenditures. UNICEF incurred $588 million in expenditures in 1991, i.e., 0.7 per cent more than in 1990. This poor rate of growth represents somewhat of an aberration since this organization has traditionally experienced very high rates of growth - over 10 per cent on average. One additional feature of UNICEF is that, unlike other United Nations organizations, a relatively large portion of its expenditures derives from fund-raising efforts. The non-technical cooperation expenditure of WFP peaked at $1.34 billion during 1991, which is about 1.4 times the level recorded in 1990. Further, this 40 per cent growth is the highest experienced by WFP since 1980.

9. In summary, total operational (technical plus non-technical) expenditures of the United Nations system as a whole reached $5.3 billion compared to $4.8 billion in the previous year (see figure below). This represents a 10.3 per cent increase.

OPERATIONAL ASSISTANCE FROM THE UNITED NATIONS SYSTEM DURING 1991
(millions of dollars)



TOTAL OPERATIONAL EXPENDITURE IN 1991 = $5.3 BILLION

Notes

NFTCE = Non-UNDP-financed technical cooperation expenditure.
WFP and UNICEF provide non-technical cooperation assistance.

NOTE ON THE DATA

10. By its decision 81/34 of 27 June 1981, the Governing Council requested the Administrator to continue to provide data on the magnitude and composition of technical cooperation activities funded by organizations of the United Nations system other than UNDP. The present report fulfils this responsibility for 1991. Besides data on agencies' regular and extrabudgetary expenditures/contributions, the report also contains, for completeness, data on UNDP, UNICEF, the World Food Programme (WFP), and certain data on disbursements by the World Bank and IDA.

11. As was the case in document DP/1990/74, the new definition for non-UNDP resources proposed in document DP/1989/60 has been adopted in the present report. Essentially, the old definition of non-UNDP resources has been adjusted to exclude expenditures against UNDP-administered funds, since such expenditures are obviously controlled and disbursed by UNDP and are thus technical cooperation expenditures financed by UNDP. In document DP/1990/74 existing data were modified to conform with this new definition for the period 1980-1989.

12. The report is based on data supplied by participating and executing agencies, including the World Bank/IDA. The raw data have been checked for consistency and accuracy, classified, aggregated and are presented in tables 1 to 10 of document DP/1993/57/Add.1. The tables are arranged in a specific order: tables 1 through 7 are concerned with technical cooperation expenditures; tables 8 and 9 record contributions; and table 10 summarizes operational expenditures for the United Nations system. In more detail, table 1 is intended as a summary, by agency, of technical cooperation expenditures by agencies, including UNFPA, and UNDP while table 2 shows the same data but distributed by sectors. Table 3 relates specifically to the traditional agencies; that is, UNFPA is excluded. It gives the breakdown of regular and extrabudgetary expenditures by sector and source of funds (regular budget, United Nations system extrabudgetary sources other than UNDP, non-United Nations system multilateral sources, bilateral sources channelled through the United Nations system, and unilateral self-supporting sources). In table 4 the regular budget expenditures are broken down by country and agencies. Table 5 contains the distribution of expenditures stemming from United Nations system other than UNDP by country and agencies. Table 6 is concerned with expenditures funded from non-United Nations system multilateral sources, also classified by country and agency. Expenditures of the traditional agencies (excluding UNFPA) financed from bilateral sources are contained in table 7. Table 8 relates to contributions received for the funding of the expenditures of the traditional agencies, organized under the following headings: unilateral and bilateral sources (country or territory and non-governmental organizations (NGOs)) and multilateral sources (United Nations system and non-United Nations system). Contributions received by agencies to fund self-supporting technical cooperation expenditures are presented in table 9. Finally, table 10 consolidates expenditures by agencies, including UNFPA, UNICEF, WFP and the World Bank/IDA so as to present

a quick view of operational expenditures flowing through the United Nations system during 1991. The table, it should be noted, does not show total operational assistance since data on the expenditure (primarily operational) of some other agencies are not included.

13. Use of the data in the addendum should be guided by four cautionary notes. The first is related to the budget period of agencies. All agencies operate on an annual budget except WHO and UNICEF, which have a biennial budgeting horizon. However, to satisfy the annual frequency of the report, both UNICEF and WHO submit estimates for the first year of each budget period and at the end of the biennium a consolidated financial statement is submitted. This creates a difficult situation: there is no way of knowing exactly how much each agency spent in each year of the biennium. The procedure adopted in the present report is not to modify the estimates submitted for the first year. Indeed, there is no practical way of doing this since (a) the report for that year has already been finalized and (b) the statistical annex of the report, which contain disaggregated data in some detail, has a coverage of only one year. Data for the final year of the biennium are arrived at by subtracting the estimates of the year earlier from the consolidated statement. The result of this operation is that yearly expenditures for these two agencies may be inaccurate.

14. The second point concerns support costs. While it is normal for agencies to report expenditure net of support costs or administrative expenses, WHO and the International Maritime Organization (IMO) do not adhere to this procedure. These agencies claim that, given the complexities involved, it is difficult to separate support costs. Thirdly, this year the Economic Commission for Africa (ECA) has advised that its unilateral self-supporting contributions constitute, in effect, a pooled fund, representing the United Nations Trust Fund for African Development (UNTFAD). In view of the pool accounting nature of the resources, it is difficult to identify contributions of any specific country intended to fund projects only in that particular country. Finally, several agencies have advised that their data are provisional. Data reported by UNESCO under its regular budget expenditure represent expenditure incurred under that organization's participation programme, a practice which began in 1982.

I. REGULAR PROGRAMME AND EXTRABUDGETARY TECHNICAL COOPERATION EXPENDITURES FINANCED BY SOURCES OTHER THAN UNDP: 1989 TO 1990

A. Non-UNDP financed technical cooperation expenditure: an aggregate view

15. Despite the subdued economic buoyancy that plagued many donor countries throughout 1991, non-UNDP-financed technical cooperation expenditure broke new ground, rising, in nominal terms, to $1.12 billion. This represents a 3.1 per cent increase over the previous year when such expenditures totalled $1.09 billion. This strong support for the development activities of the

agencies (including UNFPA) makes it possible for a third straight year of positive growth. A clearer picture can be obtained from an examination of chart 1, which shows non-UNDP financed technical cooperation expenditure (NFTCE) in nominal terms, and chart 2, which shows the growth rate of NFTCE during 1985-1991.

16. In terms of the composition of NFTCE, about 26 per cent, or $288 million, was attributable to the regular budget of agencies during 1991, having averaged about 29 per cent over the past seven years, although the relative importance of this statistic has been falling during this period. If this is any indication, it would seem that during years of weak economic performance in the countries of major contributors, agencies rely less on extrabudgetary expenditures to finance their technical cooperation activities. Extrabudgetary sources of expenditure amounted to $663 million or about 59 per cent of NFTCE, which is slightly under its seven-year average. Funding from these sources are thus of overwhelming importance to agencies. Expenditures from UNFPA totalled $172 million or about 14 per cent of NFTCE. Chart 3 graphs the composition of NFTCE.

17. Two major agencies, WHO and FAO, continued to dominate expenditures, each providing, respectively, about 20 and 37 per cent on average over the last several years. The greater relative size of WHO arises essentially from the fact that the regular budgetary expenditures of this agency is several times that of FAO. WHO also receives larger funding from UNFPA, as much as 5 to 8 times that of FAO. While UNFPA supports certain activities of both FAO and WHO, its involvement with the latter organization is much larger, covering such areas as training, family planning and maternal mortality. As might be expected the sectoral distribution of NFTCE follows a similar pattern: a predominance of the health, agricultural sectors and population sectors. In 1991, for example, almost one third of NFTCE was intended to improve the health sector of developing countries; 17 and 16 per cent were invested, respectively, in general agriculture and population-related issues.

CHART 1. NON-UNDP-FINANCED NFTCE, 1985-1991

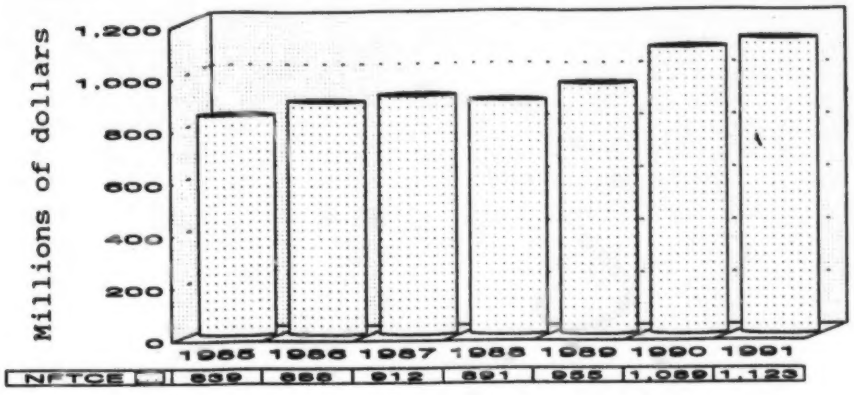


CHART 2. GROWTH RATE OF NFTCE, 1985-1991

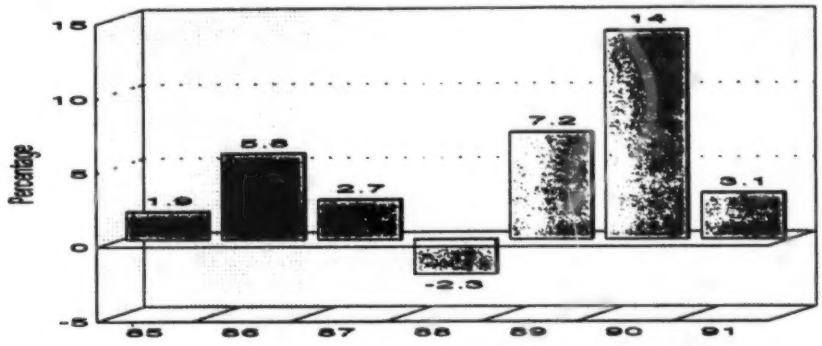
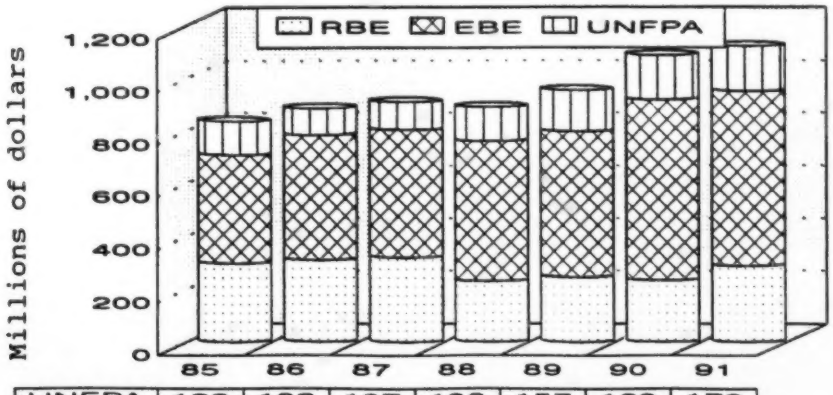


CHART 3. COMPOSITION OF NFTCE BY SOURCE, 1985-1991



UNFPA	128	102	107	130	157	169	172
EBE	412	475	484	532	552	686	663
RBE	298	310	320	230	246	234	288

RBE = Regular budget expenditures
EBE = Extrabudgetary expenditures of agencies

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B. Regular budget expenditures

18. Regular budget expenditures refer to technical cooperation expenditures financed out of the assessed budgets of agencies. Regular budget expenditures continue to be an important source of funding for the technical cooperation activities of agencies. In fact, they have averaged almost 30 per cent of NFTCE during 1985-1991, although their share has been falling over the last few years. The growth rate of regular budget expenditures during 1985-1991 averaged a mere 1.5 per cent, essentially as a result of the steep decline in 1988 (23.1 per cent) and of tepid rates of increase for most of the period. The year reviewed, 1991, marked a departure from observed behaviour during the last few years in that regular budget expenditures suddenly jumped upwards by 23.1 per cent (chart 4). In terms of amounts, regular budget expenditures totalled $288 million in 1991 ($234 million in 1990). Were it not for the rapid growth of regular budget expenditures, it is doubtful whether non-UNDP-financed technical cooperation expenditures would have registered a positive increase during 1991.

19. Of the 18 agencies with regular budget expenditures during 1991, WHO towers above them all with $148.9 million or about 52 per cent of the expenditure. This has, in fact, always been the case, reflecting in part the cardinal importance of issues relating to health, implying that a great deal of resources are being channelled into this area. FAO and IAEA, traditionally large agencies in terms of regular budget expenditures, incurred expenditures of $41.3 million and $35.8 million respectively. FAO experienced a 14.7 per cent increase in expenditures over the previous year while IAEA witnessed a marginal decline. These three agencies - WHO, FAO and IAEA - therefore constitute the principal source of regular budget expenditure, accounting for over three quarters (79 per cent) of it during 1991. In effect, one distinguishing feature of regular budget expenditures is that it is dominated by larger agencies: seven agencies provided about 94 per cent of regular budget expenditures during 1991 (table 1).

Table 1. Distribution of regular budgetary expenditures by agencies, 1990-1991

(Millions of US dollars)

Agencies	Regular budgetary Expenditures 1990	1991	Percentage change
WHO	105.4	148.9	14.3
FAO	36.0	41.3	14.7
IAEA	36.7	35.8	(2.5)
ILO	13.3	16.1	21.5
UNESCO	12.1	14.9	23.1
DTCD	11.0	6.9	(37.3)
UNIDO	4.5	5.9	31.1
OTHERS	14.9	17.7	18.8
TOTAL RBE	233.9	287.5	22.9

Source: Table 1 of DP/1993/57/Add.1.

CHART 4. REGULAR BUDGET OF AGENCIES: GROWTH RATE 1985-1991

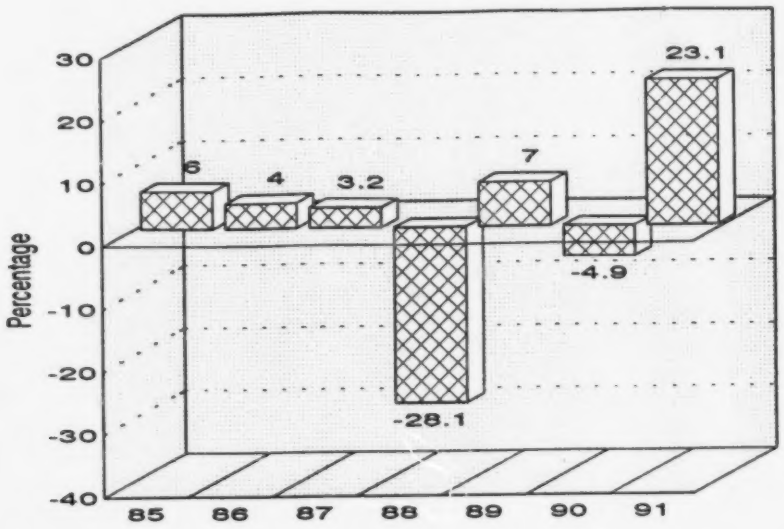
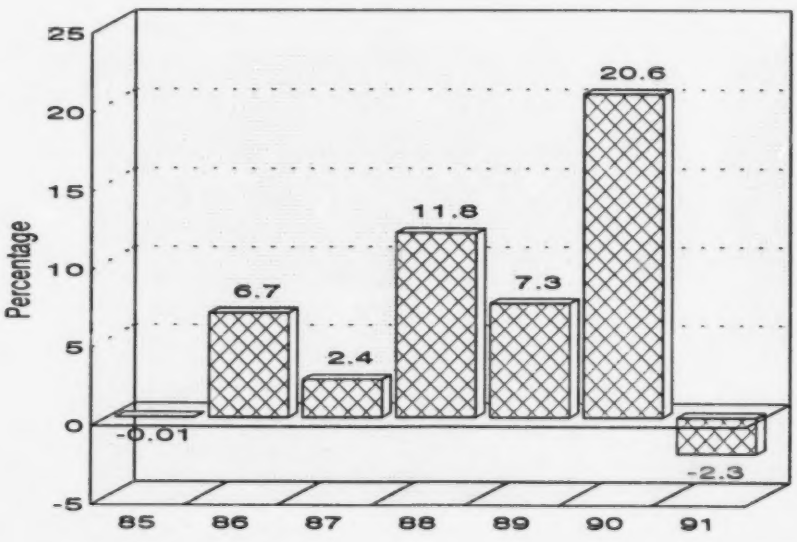


CHART 5. TOTAL EXTRAB'JDGETARY EXPENDITURES OF AGENCIES: GROWTH RATE 1985-1991



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C. Total extrabudgetary expenditures

20. In 1991 total extrabudgetary expenditures - i.e., agency extrabudgetary expenditures plus expenditures by UNICEF - witnessed the first negative entry since 1985 as the rate of growth dipped by 2.3 per cent below the amounts expended in 1990 (chart 5). If allowance is made for inflation, then the decline in total extrabudgetary expenditures during 1991 becomes more pronounced. By its very nature expenditure from this source is more susceptible to variability depending as it does upon voluntary contributions. It is likely, therefore, that the economic downturn in many major donor countries was the cause for the contraction of total extrabudgetary expenditures during 1991.

21. Agency (excluding UNFPA) extrabudgetary expenditures grew at an average rate of 7 per cent during 1985-1991, although they registered negative rates of growth twice (1985 and 1991). It peaked at 24.4 per cent in 1990. Thus, it can be said that over the last seven years, funding from this source grew in real terms, on the average.

22. The three possible ways of calculating total extrabudgetary expenditures are shown in table 2 below. In theory there should be no significant difference among these methods since they are merely different ways of looking at the same thing. Methods (1) and (2) may be termed the "agency approach 1" and "agency approach 2" respectively, while method (3) could be similarly labelled the "source approach".

23. As table 2 shows, agencies accounted for $663.4 million, or almost 80 per cent of total extrabudgetary expenditures. As in the past, agency share of total extrabudgetary expenditures was dominated by WHO ($217.8 million as against $229.7 million in 1990) and FAO ($186.2 million as against $222.4 million in 1990) which together were responsible for 48 per cent of the expenditures. The FAO extrabudgetary expenditures are more than four times its regular budget expenditures; for WHO the same ratio is about 1:3. Thus, the distribution of WHO expenditures between regular and extrabudgetary sources are not so skewed as FAO. Traditionally, DTCD and WHO incurred the largest expenditure on behalf of UNFPA.

Table 2. Three ways of calculating extrabudgetary expenditures, 1990-1991

(Millions of United States dollars)

	1990	1991	Percentage change
(1) Agency approach 1: total extrabudgetary expenditures - table 1 of DP/1993/57/Add.1			
Extrabudgetary expenditures - agencies	686.1	663.4	(3.3)
Extrabudgetary expenditures - UNFPA	169.0	171.8	1.7
Total extrabudgetary expenditures	855.1	835.2	(2.3)
(2) Agency approach 2: total extrabudgetary expenditures - table 10 of DP/1993/57/Add.1			
Agency extrabudgetary expenditures	605.3	594.4	(1.8)
UNFPA expenditures	169.0	171.8	1.7
Self-supporting expenditures	80.8	68.9	(14.7)
Total extrabudgetary expenditures	855.1	835.1	(2.3)
(3) Source approach: total extrabudgetary expenditures - tables 3, 5, 6 and 7 of DP/1993/57/Add.1			
Multilateral Sources			
United Nations system sources other than UNDP central resources and administered funds (table 5 or line B1 of table 3)	191.3	195.8	2.4
Non-United Nations system multilateral sources (table 6 or line B2 of table 3)	32.0	47.5	48.4
Subtotal	223.3	243.3	9.0

Table 2 (continued)

	1990	1991	Percentage change
Bilateral sources			
Bilateral expenditures channelled through the United Nations system (table 7 or line C1 of table 3)	551.1	523.0	5.1
Unilateral self-supporting expenditures (table 10 or line C2 of table 3)	80.8	68.9	(14.7)
Subtotal	631.9	591.9	6.3
Total extrabudgetary expenditures	855.2	835.1	(2.3)

Source: Tables 1, 3, 5, 6, 7 and 10 of document DP/1993/57/Add.1.

Note: The differences among the three methods are due to rounding.

24. Other agencies with significant total extrabudgetary expenditures include: DTCD, UNESCO, UNIDO, the Economic Commission for Latin America and the Caribbean (ECLAC), the Economic and Social Commission for Asia and the Pacific (ESCAP), IAEA, the International Civil Aviation Organization (ICAO), ILO, IMO, the International Trade Centre (ITC) and the World Meteorological Organization (WMO) (ITC and WMO) (see table 1 of document DP/1993/57/Add.1 for details). Since the total extrabudgetary expenditures of these agencies are relatively large compared to their regular budget expenditures, it is fair to say that, on the whole, extrabudgetary expenditures of agencies are more dispersed with a wider spread among agencies. The underlying implication is that many more agencies are relying on extrabudgetary rather than regular budget expenditures to fund technical cooperation activities. Two implications arise from this: (a) given the voluntary nature of total extrabudgetary expenditures, most agencies are likely to experience a fall in expenditures during periods of economic downturn, and (b) the smaller agencies are more prone to the effects of falling extrabudgetary resources since a larger share of their expenditures comes from extrabudgetary sources.

25. The dominance of WHO and FAO is also evident from the sectoral distribution of the agency extrabudgetary expenditures (excluding UNFPA and UNDP-administered funds). Close to one quarter of such expenditures in 1991, all of which were funded by WHO, was invested in the health sector. This means that, in dollar terms, $201.5 million was devoted to the improvement of health in developing countries during 1991, a decline of $9.8 million over the previous year ($211.3 million). Agriculture, which is of considerable importance to gross domestic product (GDP), exports and employment, attracted

18 per cent ($150.6 million) of the funds, compared to 24 per cent ($197.1 million) in 1990. The health and agricultural sectors were thus the recipient of 42 per cent of agency extrabudgetary expenditure during 1991. Industry, natural resources, transport and communications also received considerable amounts. The remaining components of total extrabudgetary expenditures - expenditure by UNFPA - amounted to $171.8 million compared to $169 million in 1990 - have all been invested in the population sector, as has been the case traditionally. See table 3 below for a quick summary of the sectoral distribution of agency extrabudgetary expenditures; for further details see table 2 of document DP/1993/57/Add.1.

26. The following conclusions can be drawn from the foregoing paragraph: (a) total extrabudgetary expenditures (agencies plus UNFPA) are heavily concentrated in the agricultural, health and population sectors and (b) smaller sectors have increased their share of agency extrabudgetary expenditures while the traditional big sectors experienced a decline.

27. Total extrabudgetary expenditures can also be looked at from the source approach to expenditure, as shown by chart 6 and table 3. Each source is discussed briefly below.

Table 3. Sectoral distribution of agency extrabudgetary expenditures, 1990-1991

(Millions of United States dollars)

Sector	1990	1991	Per cent change
Health	211.3	201.5	(4.6)
Agriculture, forestry and fisheries	197.1	150.6	(23.6)
Population	169.0	171.8	1.7
Industry	56.6	66.2	17.0
Natural resources	42.4	38.6	(9.0)
Transport and communication	36.1	38.1	5.5
International trade and development finance	26.3	36.4	38.4
Employment	32.8	34.3	4.6
Science and technology	21.7	28.8	32.7
General development issues, policy and planning	18.7	18.5	(1.1)
Other sectors	43.1	50.4	16.9
Total	855.1	835.2	(2.3)

Source: Table 2, DP/1993/57/Add.1.

C.1 Multilateral sources 1/

28. It is traditional to distinguish between two types of multilateral sources: (a) expenditures provided by the United Nations system, excluding expenditures by UNDP and (b) multilateral sources outside of the United Nations system (table 3 above).

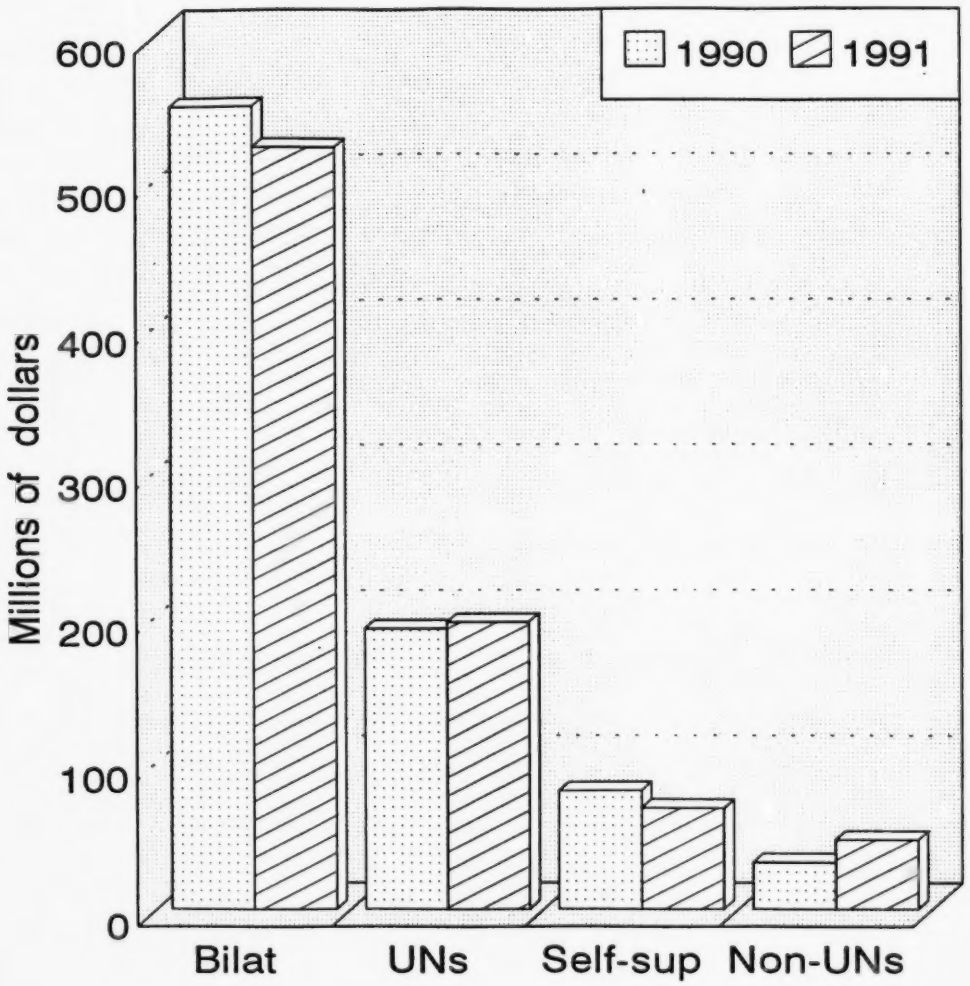
(a) United Nations system other than UNDP central resources and administered funds (line B1 of table 3, DP/1993/57/Add.1)

29. Expenditures from this source, accounting for 20-24 per cent of total extrabudgetary expenditures, totalled $195.7 million during 1991, representing an increase of 2.4 per cent over the previous year ($191.3 million). This increasing level of funding continues the positive rate of growth during the last three years after expenditures from this source registered a drop of about 4 per cent in 1988.

30. The largest share of expenditures under this heading (B1) was provided by DTCD, amounting to $31.7 million but still lower than the previous year when it reached $34.5 million. Another $30.9 million was attributable to Governments, representing a decline of $2.4 million over the previous year. It is necessary to note that in document DP/1991/69 expenditures attributable to Government were given as $53.7 million, $34.5 million of which was provided by UNFPA, with the rest provided by the United Nations Capital Development Fund (UNCDF) and other UNDP-administered funds. In the present report, by contrast, all relevant tables have been modified to take account of the fact that expenditures from UNDP-administered funds should not be counted as part of agency extrabudgetary expenditures. It is also to point out that Governments do not fund activities (projects) executed by them. What is referred to here is the monetary value of these activities for which funding was provided to UNFPA. WHO, normally the third most important agency as far as expenditures from this source (B1) is concerned, incurred $21.8 million in 1991. In short, the three biggest agencies, DTCD, Governments and WHO, were responsible for about 43 per cent of the expenditure from the United Nations system during 1991. Other important agencies include: NGOs ($19.9 million); UNESCO ($14.8 million; ILO ($13.7 million); FAO ($12.4 million); and the United Nations Conference on Trade and Development (UNCTAD) ($6.2 million).

1/ The change in the definition of non-UNDP financed technical cooperation expenditures negatively impacts upon this source in that expenditures from UNDP-administered funds are no longer included. In short, tables 3 (line B1) and 5 of annex 2 have been adjusted to reflect this new definition of non-UNDP-financed technical cooperation expenditures.

CHART 6. TOTAL EXTRABUDGETARY EXPENDITURES BY SOURCE, 1990-1991



UNs = United Nations system excluding UNDP
Self-sup = Unilateral self-supporting

(b) Multilateral sources outside the United Nations system (line B2 of table 3, DP/1993/57/Add.1)

31. Expenditures from this source are channelled through the United Nations system with certain agencies serving as the conduit. That is, multilateral organizations, such as the Asian Development Bank (AsDB), Commission of the European Communities, African Development Bank (AfDB) and so on, provide funding for projects in developing countries through the United Nations system. In 1986 such outside resources accounted for 3 per cent of total extrabudgetary expenditures, stagnating at around 4 per cent for the next three years and then falling by about 3.7 per cent in 1990. In the following year, such expenditures reached 5.6 per cent of total extrabudgetary expenditures, standing at $47.5 million.

32. As observed in previous reports (DP/1991/69, p. 13, for example) over three quarters of all outside expenditures have been made available to FAO for funding activities relating to the agricultural sector in developing countries. This overwhelming significance of FAO is likely to continue as is manifested in 1991, when $38.0 million (80 per cent), representing an increase of 62 per cent over the previous year, of multilateral expenditures originating outside of the United Nations system was channelled through this agency. Three other agencies, ILO, UNESCO and the International Telecommunication Union (ITU) also provided important avenues for "outside" funds to the developing world ($3.4, $1.9 and $1.6 million respectively).

C.2 Bilateral sources

33. As with multilateral sources, expenditures from bilateral sources are broken down into: (a) bilateral expenditures channelled through the United Nations system and (b) unilateral self-supporting expenditures.

(a) Bilateral expenditures channelled through the United Nations system (line C1 of table 3, DP/1993/57/Add.1)

34. This source, constituting the single largest - 60 per cent - expenditure category in total extrabudgetary expenditures, was responsible for 88 per cent of all expenditures from bilateral sources during 1991, a slight increase over the previous year. Bilateral funding was passed on to almost all agencies in table 3, with certain obvious exceptions. In other words, funding from this source is a pervasive feature of the system. Expenditures amounted to $523 million in 1991, declining by 5.1 per cent over the previous year ($551.1 million) and thus interrupting the upward growth path which began in 1984. WHO, through which an annual average of about 37 per cent of expenditure from this source makes its way to the developing world, maintained its dominance with $187.3 million, compared to $194.5 million in 1990. FAO, with approximately 28 per cent of the expenditure from this source, disbursed $110.3 million as against $154.8 million in the previous year. As in the past, these two agencies, therefore, accounted for more than one half (56.9 per cent in 1991) of bilateral expenditures channelled through the United Nations system. Clearly, bilateral expenditure channelled through the

United Nations system has a somewhat paradoxical character: it is routed through most agencies but it is at the same time highly concentrated in two agencies: WHO and FAO.

35. Other agencies that have attracted relatively significant amounts of bilateral funds during 1991 include: ILO ($51.1 million); UNIDO ($46.9 million); UNESCO ($32.0 million); WMO ($15.0 million); and DTCD ($11.4 million).

(b) Unilateral self-supporting expenditures (line C2 of table 3, DP/1993/57/Add.1)

36. Although the term "unilateral" is rather confusing, it is used to emphasize the fact that expenditures are used to finance technical cooperation activities within the country that made the "contribution" to the United Nations system. In other words, the expenditure is passed from the given country to the United Nations system and back to the same country; the only difference is that now it has acquired a dual character: unilateral since it returns to the contributing country but, because it is routed through the United Nations system, it also acquires a bilateral character. Hence its inclusion under the rubric of bilateral expenditure.

37. A particularly visible feature of unilateral self-supporting expenditure is its wide variations over the last decade, with a range of $53-$103 million. Expenditure peaked in 1984 ($103 million) and then declined until 1987. The recovery in 1988, which did not carry through to the following year, nevertheless registered a strong upsurge in 1990. However, the year reviewed continued the up-down movement of expenditures: $68.9 million in 1991 compared to $80.8 million in 1990 or a decline of 14.7 per cent. This uncertain annual movement of self-supporting expenditure is to a large extent attributable to its very character, namely that it is expenditure intended to finance technical cooperation activities only in the contributing country and is therefore subject to the vagaries of local circumstances. Moreover, these tendencies are strong enough to become manifest at the aggregate level as the downturn in 1991 illustrates: it is most likely the result of the poor economic performance of developing countries in general during that year. In fact, the International Monetary Fund (IMF) estimated that as a whole the output of developing countries declined by 0.6 per cent in 1991 compared to a growth of 1 per cent in the previous year (IMF, World Outlook, October 1991, table 1, p. 2).

38. One of the prominent features of unilateral self-supporting expenditures is that most countries are involved. Another is that few of these countries dominate expenditures while the majority account for only a small portion of the expenditures. In other words, involvement is broad-based yet concentrated. The year reviewed was unusual in that two countries (Libyan Arab Jamahiriya and Saudi Arabia) alone provided 64 per cent of unilateral self-supporting expenditures. If Brazil, Egypt, Indonesia, India, Mexico, Nigeria, Turkey, the United Republic of Tanzania and Yemen are added, then

some 84 per cent of expenditures from this source was attributable to these countries.

39. The largest proportion - about 44 per cent over the last several years and 37 per cent in 1991 - of unilateral self-supporting expenditure is passed through FAO for work in the agriculture, forestry and fisheries sector: $25.5 million in 1991 compared to $33.3 million in 1990. A relatively large percentage is also routed through ICAO to fund civil aviation activities: $11.4 million as against $17.7 million in 1990. UNIDO incurred $10.8 million, 61 per cent more than the previous year ($6.7 million). WHO, the other main agency, experienced a 4.8 per cent growth over 1990: $8.7 million in 1991 compared to $8.3 million in the previous year. The observation that the soft sectors - i.e., sectors in which investment does not result in tangible assets nor yield an immediate return - such as education and culture, receive only marginal amounts of expenditure from this source (see document DP/1990/74, p. 18) continues to hold true.

II. EXTRABUDGETARY CONTRIBUTIONS TO AGENCIES FOR TECHNICAL COOPERATION ACTIVITIES

40. The present classification of extrabudgetary contributions, introduced in 1979, was basically meant to provide a method of organizing contributions according to source: multilateral and bilateral and their various subdivisions. One outcome of this process was that comparative analysis between extrabudgetary contributions and expenditures was rendered much easier. It is necessary to observe, however, that, unlike non-UNDP-financed technical cooperation expenditure (agencies plus UNFPA), extrabudgetary contributions are intended to fund only the extrabudgetary expenditures of the traditional agencies excluding UNFPA. This idea is reflected in table 8 of DP/1993/57/Add.1 under "United Nations system" where UNFPA and funds administered by UNDP are shown as contributors to agencies. The underlying notion is one of a circular movement of funds as the expenditure of one agency becomes the contribution of another. Clearly, then, the report in no way attempts to document contributions made to UNFPA, UNICEF, WFP or UNDP (central resources and administered funds). Data on contributions for 1991 are contained in tables 8 and 9 of DP/1993/57/Add.1 while a guide to the classification and definition of contributions (and expenditures) is given in DP/1993/57/Add.1.

41. Total contributions (sum of tables 8 and 9 of DP/1993/57/Add.1) received to finance extrabudgetary expenditures of agencies (excluding UNFPA) during 1991 amounted to $1,029.4 million as against $925.7 million in the previous year. This increase, about 11.2 per cent, continued six straight years of uninterrupted growth. As chart 7 shows, after declining by 15 per cent in 1985, contributions exhibited an annual upward momentum up to the present time. Indeed, the three years between 1986-1988 were characterized by an extremely rapid rate of growth, averaging 27.1 per cent. The following year, 1989, witnessed a collapse of the rate of growth of contributions to 2.4 per cent, which was too small to allow for an increase in real terms

(after allowance is made for inflation). The bold recovery began 1990 (growth of 10.6 per cent) was improved upon in 1991. Thus while the growth rates of both extrabudgetary expenditures and extrabudgetary contributions have tended to fluctuate widely during 1985-1991, on average contributions have experienced a higher rate of growth than expenditures.

42. The question of the relationship between extrabudgetary contributions and extrabudgetary expenditure has been fraught with confusion; even in mainstream economic theory the relationship is still a debatable issue. In the context of the present report, much of this confusion can be avoided if certain things are clarified at the outset. It is first necessary to note that in the present discussion, expenditure refers to extrabudgetary expenditure of the traditional agencies excluding UNFPA; that is, it is total extrabudgetary expenditures less expenditure by UNFPA. Total extrabudgetary contribution, similarly, refers to contributions made to agencies: it does not include contributions made to UNFPA and UNDP-administered funds. In sum, the discussion is about agency contributions and expenditures. Further, agency extrabudgetary contributions are intended to finance their extrabudgetary expenditures and should not be confused with regular budgetary expenditures which are funded from the regular budgets of agencies. Secondly, there is always a lag between contributions and expenditure. While the elapsed time between the receipt of contributions and disbursement expenditures is not known, it is quite probable that the time pattern of contributions affects the time pattern of expenditure. Thirdly, as noted at the beginning of the report, some agencies operate on a biennial budget while others have annual budgets. This affects the planning horizon which is based, inter alia, on estimates of resource availability and thus inevitably influence the pattern of expenditure. Finally, it cannot be inferred that the discrepancy between the two is attributable to administrative costs. The data at hand simply do not permit such an inference.

43. It is with these caveats in mind that chart 8 should be read. The discrepancy between the two categories, shown as a dark, narrow band, starts off from a base of about 30 per cent and dramatically narrows to about 3 per cent in 1985; thereafter the band began to widen continuously to 35 per cent in 1988-1989. In 1990, the discrepancy contracted to about 26 per cent but rose sharply 35.6 per cent in 1991. Such irregular behaviour certainly cannot be explained by the behaviour of administrative costs alone.

CHART 7. GROWTH RATE OF CONTRIBUTIONS 1985-1991

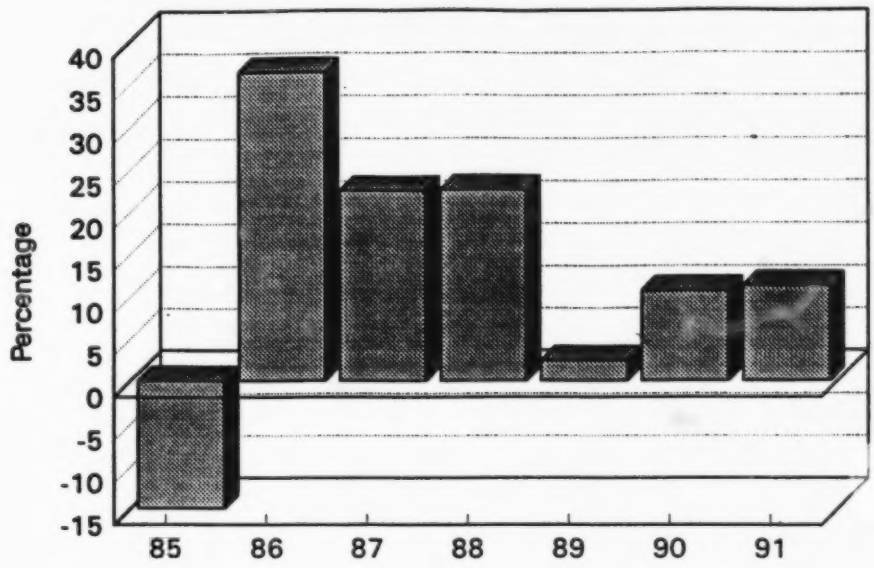
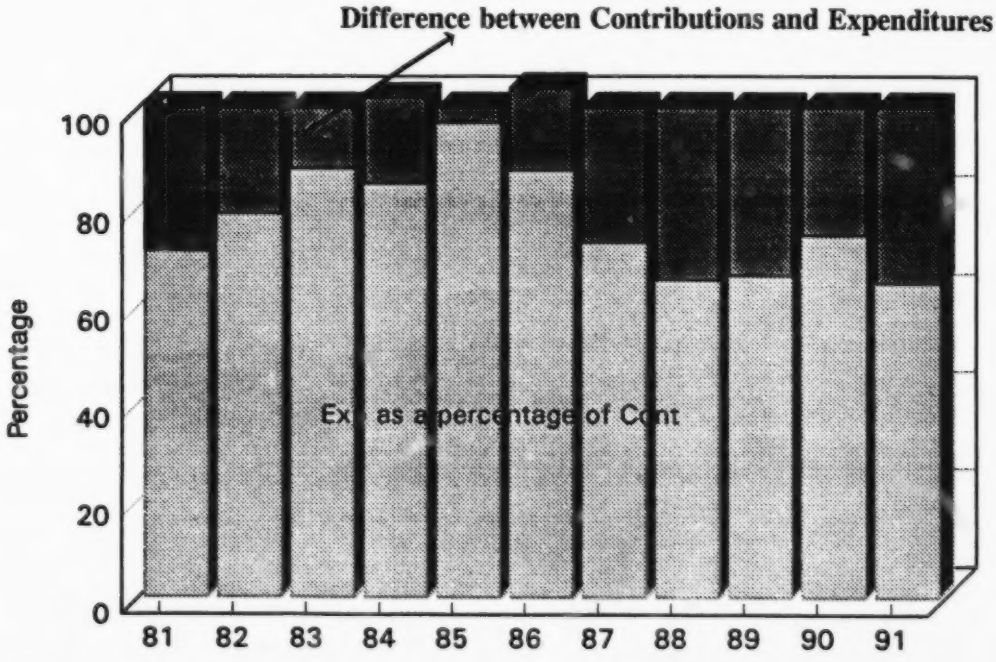


CHART 8. EXTRABUDGETARY EXPENDITURES AS PERCENTAGE OF EXTRABUDGETARY CONTRIBUTIONS 1981-1991



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Bilateral contributions

44. As a general indicator, some two thirds of all contributions are provided by bilateral, including unilateral, sources. Resources from this source reached $673.5 million during 1991, surpassing the amounts contributed in 1990 by about $66.4 million. Bilateral contributions can be subdivided as follows.

(a) Countries/territories (table 8 of DP/1993/57/Add.1)

45. Contributions from member countries/territories show two important features: (a) they constitute the lion's share of bilateral funding - approximately 80 per cent since 1986 - and (b) as a share of total bilateral funding, they have been rising without interruption since 1986, growing from 78 per cent in 1986 to 86 per cent in 1991.

46. Contributions from this source amounted to $582 million compared to $504.9 million in 1990, an increase of 15.3 per cent. As is normally the case, more than one half of all contributions was destined to WHO and FAO: a combined total of $334.3 million in 1991. WHO received $196.1 million in 1991 ($176.2 million in 1990) while for FAO the corresponding amount was $138.2 million ($114.9 million in 1990).

(b) Unilateral self-supporting sources (table 9 of DP/1993/57/Add.1)

47. Contributions from unilateral self-supporting sources, comprising about 14 per cent of bilateral expenditure since 1986, is distinguished by: (a) its rather erratic time path over the last decade (compared to the other two bilateral sources), with variations ranging between $56 and $122 million during 1980-1991 and (b) a steep fall in its share of total bilateral contributions - declining from 19 per cent in 1986 to 9.5 per cent in 1991. This uncertainty over the magnitude of unilateral contributions and its downward trend to some extent reflects the general economic conditions of developing countries that choose to use this mode of funding (i.e., of merely routing funds through the United Nations system back to their own economies): rising in buoyant times and falling when economic performance is retarded.

48. Contributions stemming from this source dipped below the level received in 1990: $63.8 million compared to $69.2 million. About 24 per cent or $15.5 million was routed through FAO. Significant amounts, $12.2 million, $10.8 million, $10.6 million and $5.9 million, were also received by WHO, ICAO, UNIDO, and ILO respectively.

(c) Non-governmental organizations (table 8 of DP/1993/57/Add.1)

49. The smallest of the bilateral sources - accounting for some 5 per cent of bilateral contributions over the past several years - funding provided by NGOs, represents a transfer of resources from these organizations to the United Nations system for the financing of projects in the developing countries. Most of these NGOs, as might be expected, are located in the developed countries. Some are foundations, some are affiliated with private

companies, others are not-for-profit organizations, etc. The fact these organizations choose to fund projects in the developing world by shifting part of their own resources to the United Nations system is a tribute to the work of the agencies, given that these organizations are themselves directly involved on the ground with the practical aspects of development.

50. Resources originating from this source reached $27.7 million in 1991, or about $5.3 million less than the previous year. WHO, as usual, facilitated the transfer of $16.5 million - 60 per cent - of the contribution of NGOs to developing countries in 1991, about $2.7 million more than the previous year. Another $6.7 million was routed through UNIDO, slightly less than one-half the amount in 1990 ($12.8 million). In short, approximately 84 per cent of the contributions from this source was passed on to developing countries via WHO and UNIDO. IMO and UNESCO also received relatively large contributions from this source.

51. Some of the largest contributing NGOs over the last two years are given by table 4.

Table 4. Largest contributing non-governmental organizations, 1990-1991

	1990	1991
Armenian Gen. Benevolent Union, NJ, USA	5.08	-
Arab Gulf Programme for United Nations Development Organization	0.58	0.70
Band Aid/Live Aid, UK	0.76	-
Carnegie Corp, New York	0.52	0.70
Corp. Andia de Fomento (CAF), Caracas, Venezuela	0.57	-
EXXON, USA	-	0.40
Helwan Portland Cement Co., Egypt	0.67	0.78
Japan International Development Organization	0.21	0.92
Japan Wellnes foundation, Japan	-	0.78
Merck Sharp and Dohme Research, USA	2.08	2.51
Nigerian Nat. Petroleum Corporation, Lagos	-	2.50
Research Area, Trieste, ITA	4.57	0.04
Rockefeller Foundation, USA	1.74	1.47
Sasakawa Health Trust Fund, Japan	-	4.00
Sasakawa Memorial Health Fund, Japan	4.00	0.75
Special Prog. for Research and Training in Tropical Diseases	0.25	0.66
Trust Fund Miscellaneous	-	0.65

Multilateral contributions

52. Multilateral contributions, averaging about one third of total contributions over the past few years, amounted to $355.9 million, which represents an increase of 11.7 per cent over 1990 ($318.7 million). The performance in 1991 continued to maintain the positive rate of growth since 1985. Multilateral contributions can be subdivided as follows.

(a) United Nations system (table 8 of DP/1993/57/Add.1)

53. Contributions from the United Nations system represent, in effect, no more than an internal transfer of funds among agencies within the system. Such internal shifting around of resources not only dominates total multilateral contributions, accounting for an estimated 86 per cent during 1991, but has also been growing over time. Given the character of United Nations system contributions, it is not surprising that WHO and DTCD receive, on average, about one-third of the contributions; i.e, internal transfer of funds. Other agencies which benefit significantly from this circular flow of funds are UNESCO, ILO and FAO. To complete the circular movement of funds i.e., the movement of financial resources from one agency to the other within the system, it is necessary to have some idea of the contributor. UNFPA alone was responsible for about 56 per cent of the internal transfer of funds (contributions) during 1991, principally to DTCD, WHO, UNESCO FAO, ILO and Governments. Another 18 per cent of contributions come from the World Bank, mainly destined for WHO and UNESCO. Other agencies with relatively large contributions include UNCDF, the United Nations International Drug Control Programme (UNDCP), the Office of the United Nations Disaster Relief Coordinator (UNDRO) and the United Nations Environment Programme (UNEP). The circular flow of funds within the United Nations system, while remaining a pervasive feature, is nevertheless dominated by a few recipient and donor agencies.

54. The magnitude of internal transfer of funds ("contributions", that is) within the United Nations system during 1991 reached $305.1 million compared to $271.5 million for 1990, an increase of 12.4 per cent. WHO was the largest (26 per cent) recipient of such transfers during 1991: $81.6 million as against $64.1 million in the previous year. DTCD also recorded significant amounts: $32 million, slightly less than the figure for 1990 ($33 million).

(b) Non-United Nations system (table 8 of DP/1993/57/Add.1)

55. Contributions from this source comprise resources channelled through the United Nations system by multilateral organizations that are not part of the system. Some such organizations include the AfDB, the Arab Gulf Fund for United Nations Development Organizations and the European Community. On average, contributions from non-United Nations system sources account for approximately 10 per cent of the resources provided by multilateral sources as a whole, though the relative importance of this source has been increasing over the last two years, reaching 14.3 per cent in 1991.

56. In 1991, funds originating from non-United Nations sources reached a record of $50.8 million as against $47.1 million in the previous year. As a general rule, the major part - as much as three-quarters - of such contributions is intended for FAO. In 1991, FAO was the recipient of $40.9 million, slightly above the $40 million in the previous year. Other important recipient agencies in 1990 include WHO ($3 million), ITU ($1.9 million), UNESCO ($1.8 million) and IMO ($1.6 million).

III. ASSISTANCE PROVIDED BY UNDP AND OTHER ORGANIZATIONS

57. Section I discusses technical cooperation expenditure emanating from the agencies. To complete the picture on assistance delivered by the United Nations system, it is necessary to include UNDP, UNICEF, WFP and the World Bank/IDA. Such a holistic view considers what is referred to as "operational assistance" (i.e., technical cooperation plus other assistance such as that provided by UNICEF and WFP), data on which are contained in table 10 of DP/1993/57/Add.1.

58. Operational assistance from the United Nations system as a whole (including the World Bank/IDA) grew from $3 billion to $5.3 billion between 1981 and 1990 (table 5 below). In fact, during the entire period, this assistance has been characterized by a positive, although unsteady, annual growth rate, ranging between 1.6 and 11.6 per cent. During the year reviewed, the rate of growth, while smaller than the previous year - 10.3 per cent - is still high when viewed against the backdrop of an economic downturn in major donor countries. If fluctuations are smoothed out, then on average operational assistance grew by about 6.7 per cent per annum during the last decade, implying that such assistance experienced growth in real terms, after inflation is taken into account. Chart 9 plots the annual growth rate of operational assistance.

Table 5. Summary of United Nations system expenditures on operational activities for development, 1982-1991

(Millions of US dollars)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	TOTAL
I. FUNDED BY UNDP	722	624	608	641	776	789	918	981	1 134	1 238	8 431
UNDP central resources	661	560	527	564	682	693	823	883	1 036	1 124	7 553
UNDP-administered funds	61	64	81	77	94	96	95	98	98	114	878
II. FUNDED BY AGENCIES	768	777	823	838	887	911	892	955	1 089	1 123	9 063
Regular programmes of agencies	242	257	281	298	310	320	230	246	234	288	2 706
Extrabudgetary sources of agencies	412	397	422	412	475	484	532	552	686	663	5 035
Funded by UNFPA	114	123	120	128	102	107	130	157	169	172	1 322
Subtotal (I & II)	1 490	1 401	1 431	1 479	1 663	1 700	1 810	1 936	2 223	2 361	17 494
% change	-2.2	-6.0	2.1	3.4	12.4	2.2	6.5	7.0	14.8	6.2	
III. FUNDED BY UNICEF	205	246	244	279	326	365	400	501	584	588	3 738
IV. FUNDED BY WFP	594	629	679	779	701	791	1 037	952	956	1 338 a/	8 456
Subtotal (III & IV)	799	875	923	1 058	974	1 084	1 278	1 263	1 540	1 854	11 648
% change	5.8	9.5	5.5	14.6	-7.9	11.3	17.9	-1.2	21.9	20.4	
V. WORLD BANK	447	294	566	616	722	836	686	731	633	682	6 213
IDA	284	579	279	332	341	387	412	385	420	415	3 834
Subtotal (V)	731	873	845	948	1 063	1 223	1 098	1 116	1 053	1 097	10 047
% change	41.4	19.4	-3.2	12.2	12.1	15.0	-10.2	1.6	-5.6	4.2	
Total (I + II + III + IV)	2 289	2 276	2 354	2 537	2 637	2 784	3 088	3 199	3 763	4 215	28 383
% change	0.5	-0.6	3.4	7.8	3.9	5.6	10.9	3.6	17.6	12.0	
Total (I + II + III + IV + V)	3 020	3 149	3 199	3 485	3 700	4 007	4 186	4 315	4 816	5 312	39 189
% change	8.1	4.3	1.6	8.9	6.2	8.3	4.5	3.1	11.6	10.3	

a/ WFP has revised its annual expenditures for 1986-1989 (see note by the Secretary-General in document A/46/206/Add.4 of 7 October 1991). The revised data are reproduced here. Note, however, that the detail data by country in our relevant annual report have remained unchanged for obvious reasons.

Totals in this table differ from those in the various annual reports by marginal amounts because of rounding.

CHART 9. GROWTH RATE OF OPERATIONAL ASSISTANCE 1982-1991

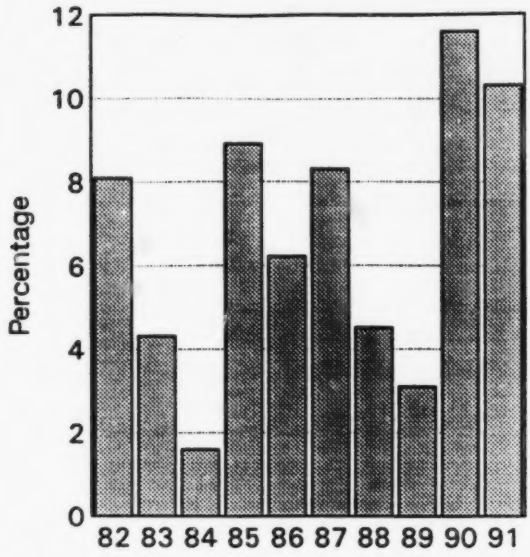


CHART 10. GROWTH RATE OF OPERATIONAL ASSISTANCE: REST OF UNITED NATIONS SYSTEM 1982-1991

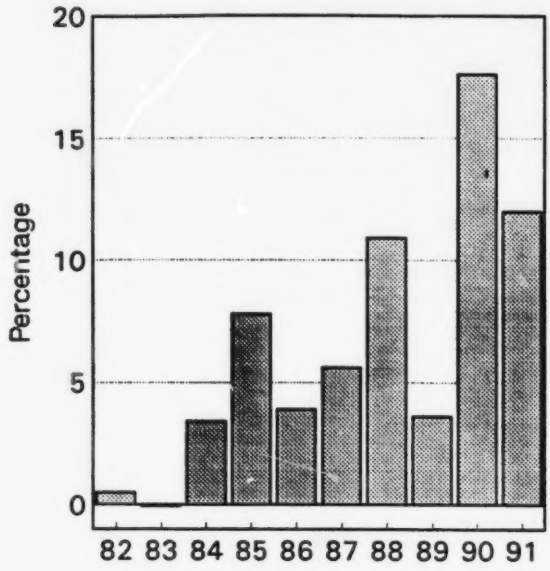


CHART 11. REST OF UNS: TECHNICAL AS % OF OPERATIONAL ASSISTANCE 1982-1991

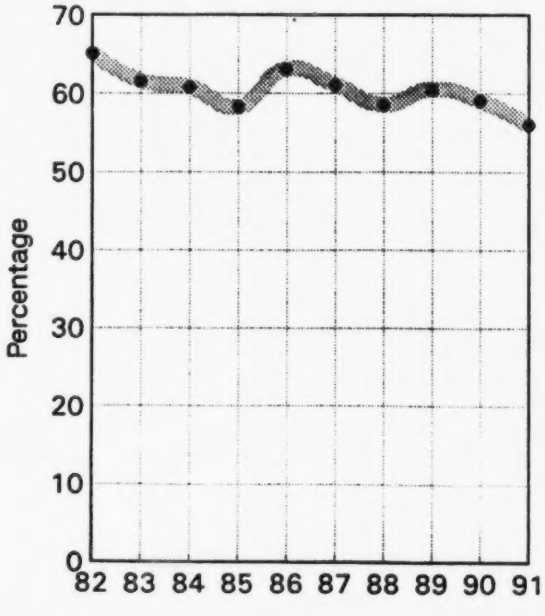
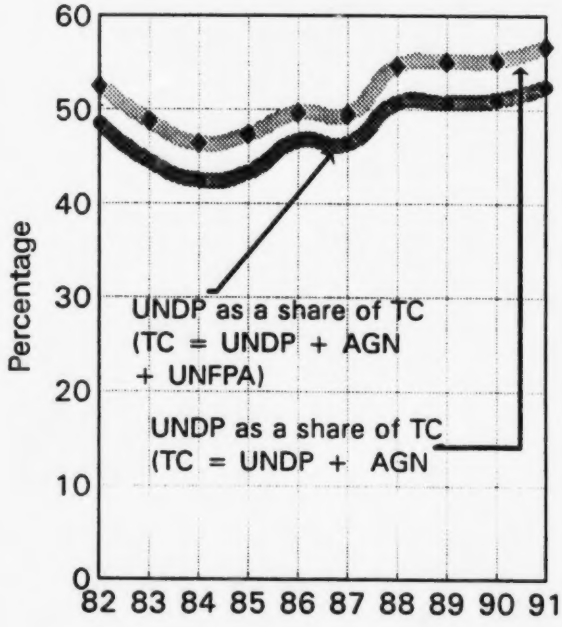


CHART 12. REST OF UNS: UNDP SHARE IN TECHNICAL ASSISTANCE 1982-1991



59. The technical cooperation assistance of the World Bank/IDA is provided under different conditions than the rest of the United Nations system, namely that: (a) it is financed by loans and credits rather than by grants as is the case with the rest of the United Nations system, and (b) it funds those consultants who might be working on both capital and technical cooperation projects. Because of this it makes sense to examine briefly the evolution of grant-free operational assistance, also shown by table 5 above and chart 11. Two features are immediately evident: (a) growth rates display the familiar sea-saw movement, so characteristic of the United Nations system and (b) a tendency towards higher rates of growth over time, a feature particularly evident as from 1987. The second feature was masked when operational assistance of the system as a whole was examined in the previous paragraph.

60. Charts 11 and 12 specifically relate to the rest of the United Nations system, excluding the World Bank/IDA and are meant to give some insight into certain basic ratios. The first such ratio includes technical cooperation as a share of operational assistance, revealing an annual average of about 60 per cent during the period 1982-1991. Importantly, this average is a fairly accurate statistic as it displays a narrow variation, ranging from 56 to 61.6 per cent. In short, the rest of the United Nations system is deeply involved with activities other than technical cooperation as a long-standing concern. The second and third ratios (chart 12 attempts to cast some light on the share of technical cooperation handled by the UNDP in the rest of the United Nations system. If technical cooperation is defined to comprise the expenditure of UNDP, agencies (regular and extrabudgetary expenditures) and UNFPA, then on average about 47 per cent of it was delivered by UNDP during 1982-1991. This average figure, however, masks the tendency of a rising UNDP share over time. Thus, while in the first half of the 1980s, the share of UNDP hovered around 45 per cent, by the latter half of the decade it was slightly larger than one half. If, on the other hand, technical cooperation expenditure excludes UNFPA, then the share of UNDP rises considerably, averaging 51 per cent, rising to 57 per cent in 1991.

61. UNDP: Technical cooperation expenditure from UNDP (central resources and administered funds) amounted to $1.2 billion in 1991, rising beyond the $1.1 billion of the previous year. This growth, about 9.2 per cent, is the result of (a) a sudden surge in expenditures from funds administered by UNDP - a 16.3 per cent growth in 1991 - after five years stagnation and (b) continued growth of expenditure from central resources - 8.5 per cent in 1991. The year reviewed thus marks a rare occasion in which the underlying movement of expenditure from UNDP is driven by both sources.

62. The growth rate of expenditure from UNDP (central resources plus administered funds) over the period 1985-1991 can be seen from chart 13 as a series of positive, albeit undulating, spikes. A closer examination will reveal that since 1988 expenditure has expanded fairly rapidly, averaging almost 12 per cent per year. The maintenance of high rates of growth even in times of sluggish economic performance must be considered a significant achievement.

CHART 13. GROWTH RATE OF UNDP EXPENDITURE 1985-1991

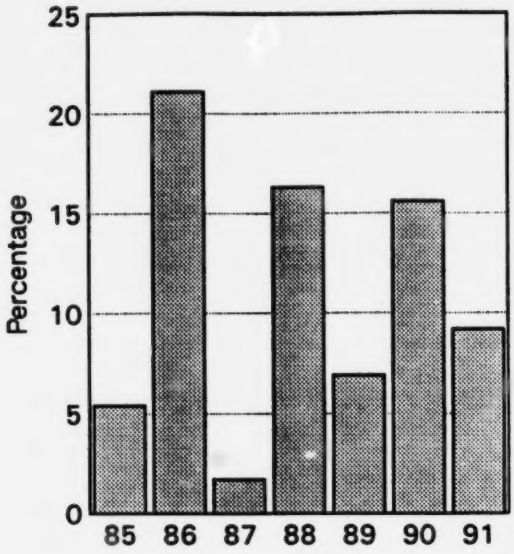


CHART 14. GROWTH RATE OF AGENCY EXPENDITURE 1985-1991

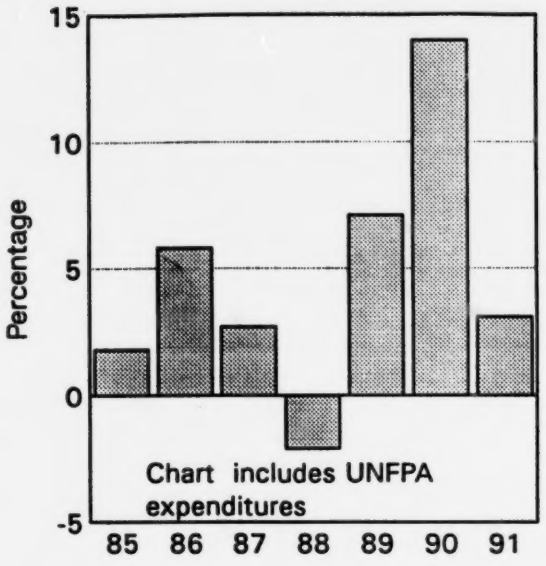


CHART 15. GROWTH RATE OF UNFPA EXPENDITURE 1985-1991

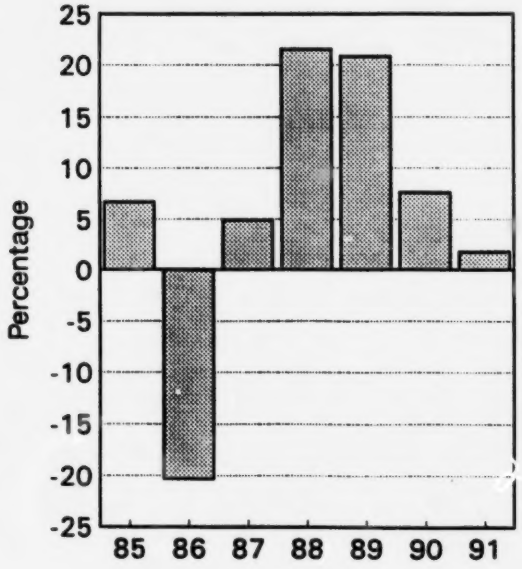
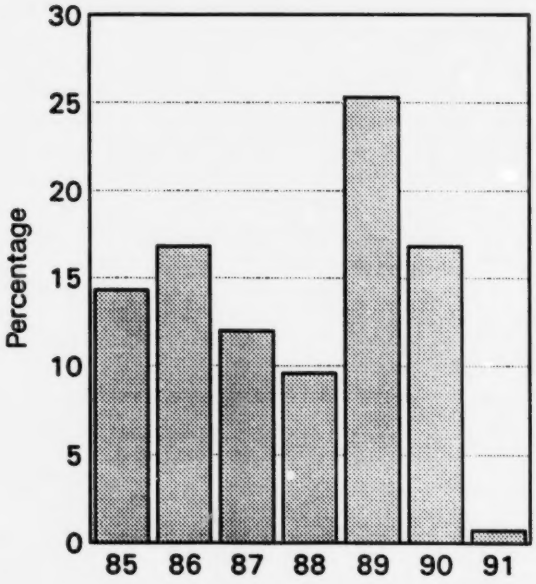


CHART 16. GROWTH RATE OF UNICEF EXPENDITURE 1985-1991



63. Agencies (including UNFPA). The combined technical cooperation expenditure of the agencies and UNFPA, which stood at $1.09 billion in 1990, reached $1.12 billion during 1991. This expansion of nominal expenditure, about 3.1 per cent, continues along an upward path, albeit at a much subdued rate (chart 14). One important feature of expenditures from this source is its rather slower rate of growth compared to UNDP, UNICEF and WFP over the last seven years. The only decline in agency expenditure during the period occurred in 1988.

64. The three sources comprising agency expenditure grew at different rates. During the year reviewed, expenditure from regular budgets rose by 23.1 per cent. On the other hand, resources from total extrabudgetary budget fell by 3.4 per cent, the second negative growth since 1985. Funding from this source is nevertheless of overwhelming importance to agencies. Its only peculiarity is its entirely voluntary nature compared to regular budget expenditures, which is funded from assessed contributions. This elasticity is what makes expenditures from extrabudgetary expenditures so volatile and hence more prone to economic conditions in the major donor countries. The level of funding from UNFPA also continued to expand in 1991, rising by 1.8 per cent of the previous year. This upward movement of expenditure by UNFPA maintains its unbroken record begun in 1987 (chart 15).

65. UNICEF. Funding from UNICEF has traditionally experienced very high rates of growth, peaking at 25.3 per cent in 1989. As observed in previous reports, even the recession years of the early 1980s seemed to have had little, if any, impact on the rapid rate of expansion of expenditures. It is not surprising that UNICEF has witnessed the longest sustained growth of expenditure of any United Nations organizations reviewed in the present report (chart 16).

66. Non-technical cooperation expenditure by UNICEF reached $588 million in 1991, a slight rise of about 0.7 per cent over the previous year ($584). This sudden and feeble growth stands out as an aberration in the evolution of expenditure over the past seven years. One important feature of UNICEF is that, unlike other United Nations organizations, a relatively large portion of its resources derives from fund-rasing efforts. For example, the breakdown of UNICEF income for 1990-1991 is as follows: 72 per cent from government and intergovernmental organizations; 24 per cent from fund-raising campaigns, greeting card profit and individual donations; 1 per cent from the United Nations system; and 2 per cent from miscellaneous sources (document E/ICEF/1991/AB/L.7 of 13 April 1992, para. 2).

67. WFP. For this organization 1991 must go on record for two reasons: (a) expenditures, in nominal terms, peaked at $1.34 billion and (b) the growth of expenditures was 1.4 times that of the previous year ($956 million); this 40 per cent rate of growth was also the highest recorded since 1980. In fact, it is doubtful whether any other United Nations organization ever achieved a rate of growth beyond 35 per cent in any given year during the last decade or so.

68. As chart 17 makes evident, the rate of growth path of expenditures by WFP during 1985-1991 was by no means a smooth one. Indeed, in terms of movement between positive and negative rates, it was certainly the most unstable, compared to UNDP, agencies, UNFPA and UNICEF (charts 13 to 16). For the seven years between 1985-1991, two years registered negative growth, four positive and for one (1990), expenditures stagnated, thus covering the full spectrum of movement.

69. World Bank/IDA. As pointed out earlier, technical cooperation assistance is provided by the World Bank/IDA under terms and conditions different from those of UNDP and the agencies. While this does not permit comparative analysis, it might be noted that during 1982-1991, the magnitude of technical cooperation assistance provided by the World Bank/IDA averaged about 58 per cent of the combined amounts delivered by UNDP and the agencies (including UNFPA). Further, since 1988 the relative importance of the World Bank/IDA has been on the decline, falling to 46.5 per cent in 1991.

70. Technical cooperation assistance funded by the World Bank/IDA totalled $1.09 billion in 1991, up by 4.2 per cent over the previous year ($1.05 billion). But as chart 18 indicates, the growth rates of such assistance have been unpredictable, oscillating between positive and negative magnitudes. After registering excessively high rates of growth in the early years of the 1980s, expenditures contracted in 1984 by about 3.2 per cent. From then on, growth rates have been both more modest and volatile. Thus, the three straight years of positive growth, 1985-1987, were followed by rates that alternate between positive and negative magnitudes.

CHART 17. GROWTH RATE OF WFP EXPENDITURES
1985-1991

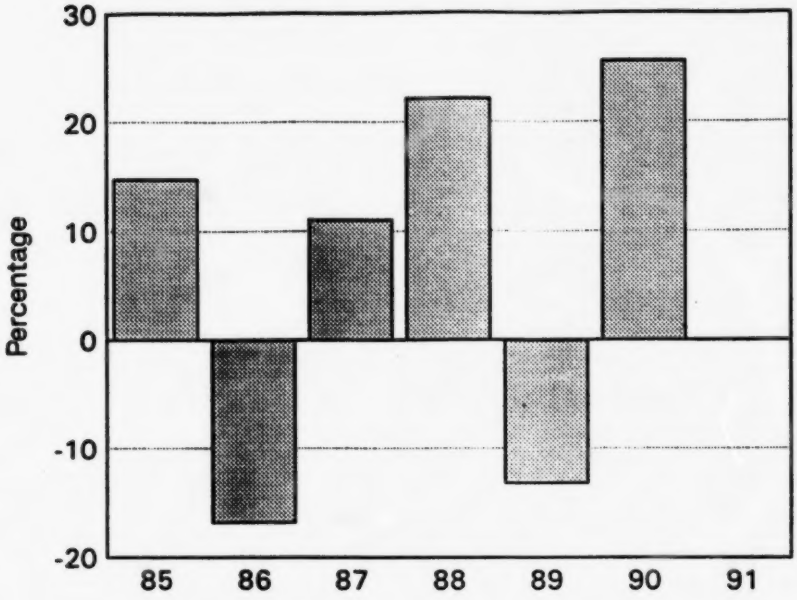
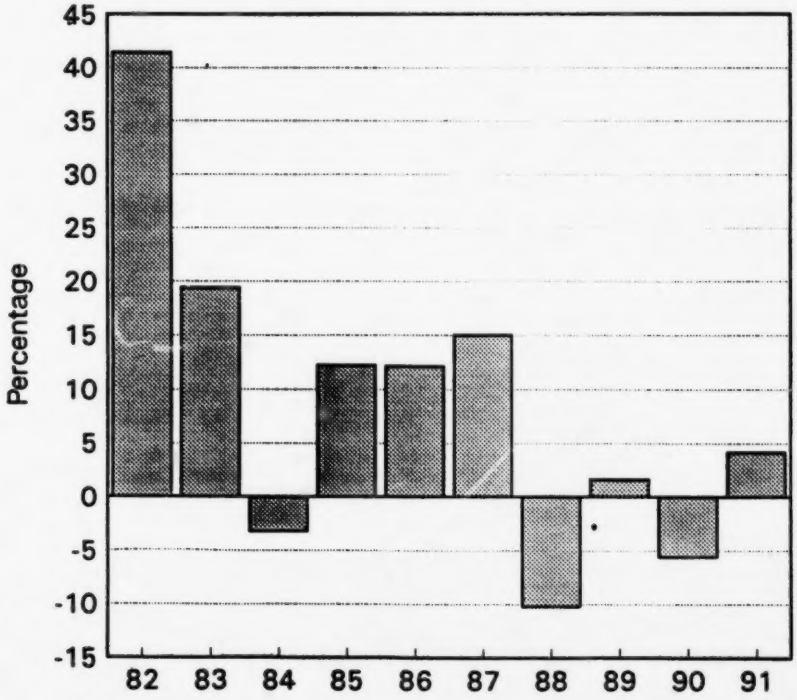


CHART 18. GROWTH RATE OF WORLD BANK/IDA EXPENDITURE
1985-1991



Annex

A GUIDE TO THE TERMINOLOGY

A. Activities

Technical cooperation activities. These are activities that aim to promote increasing self-reliance in the developing countries with regard to managerial, technical, administrative and research capabilities required to formulate and implement development plans and policies, including the management and development of appropriate institutions and enterprises. In this document, technical cooperation activities are those financed from: (a) the central resources of UNDP; (b) UNDP-administered funds; (c) the regular and extrabudgetary expenditures of agencies, including UNFPA; and (d) the technical assistance window of the World Bank/IDA. A further distinction is made between grant technical assistance constituting (a), (b) and (c) and concessional technical assistance constituting (d).

Operational activities. Operational activities through the United Nations system constitute technical assistance activities, refugee, humanitarian and special economic assistance, and disaster relief. The data on operational activities in the present report are incomplete in the sense that not all United Nations entities are included. For a complete picture up to 1991, see the annual reports of the Director-General for Development and International Economic Cooperation.

B. Expenditures

Non-UNDP-financed technical cooperation expenditure (NFTCE). This is defined as the sum of expenditures incurred against: (a) agency regular budgets; (b) agency extrabudgetary budgets, and (c) UNFPA. Expenditures from UNICEF, WFP and the World Bank/IDA and UNDP-administered funds are not in NFTCE. In table 1 of document DP/1993/57/Add.1 for example, NFTCE for the last two years is shown by the second and third columns. Note that in table 10 of document DP/1993/57/Add.1, NFTCE is the sum of the columns entitled "agency regular budget", "agency extrabudgetary", "UNFPA" and "self-supporting expenditures".

Regular budget expenditures. This refers to technical cooperation expenditures financed out of the assessed budgets of agencies.

Extrabudgetary expenditures. This refers to voluntary expenditures incurred by agencies that are financed from sources other than regular budget expenditures, UNDP or UNFPA; extrabudgetary expenditures are essentially provided by multilateral sources outside the United Nations system and by bilateral sources.

Total extrabudgetary expenditures. This is a term covering (a) agency extrabudgetary budgets and (b) expenditures incurred by UNFPA. In table 1 of

document DP/1993/57/Add.1, it is the sum of the columns entitled "Funded by extrabudgetary sources other than UNDP, UNFPA and UNDP-administered funds" and "Funded by UNFPA" whereas in table 10 it is the sum of the amounts in the columns entitled "agency extrabudgetary budgets", "UNFPA" and "self-supporting sources".

Multilateral expenditures. Expenditures from this source are subdivided into: (a) United Nations system other than UNDP central resources and administered funds and (b) multilateral sources outside the United Nations system. The former includes expenditures incurred in developing countries by the agencies of the United Nations system themselves, including Governments and the World Bank. See table 3, line B1, and table 5 of document DP/1993/57/Add.1. Multilateral sources outside the United Nations system include regional development banks, the Commission of the European Communities, the various Arab development funds, etc. Expenditures from these sources are channelled through the agencies of the United Nations system for the financing of technical cooperation activities in developing countries. See table 3, line B2, and table 6 of DP/1993/57/Add.1.

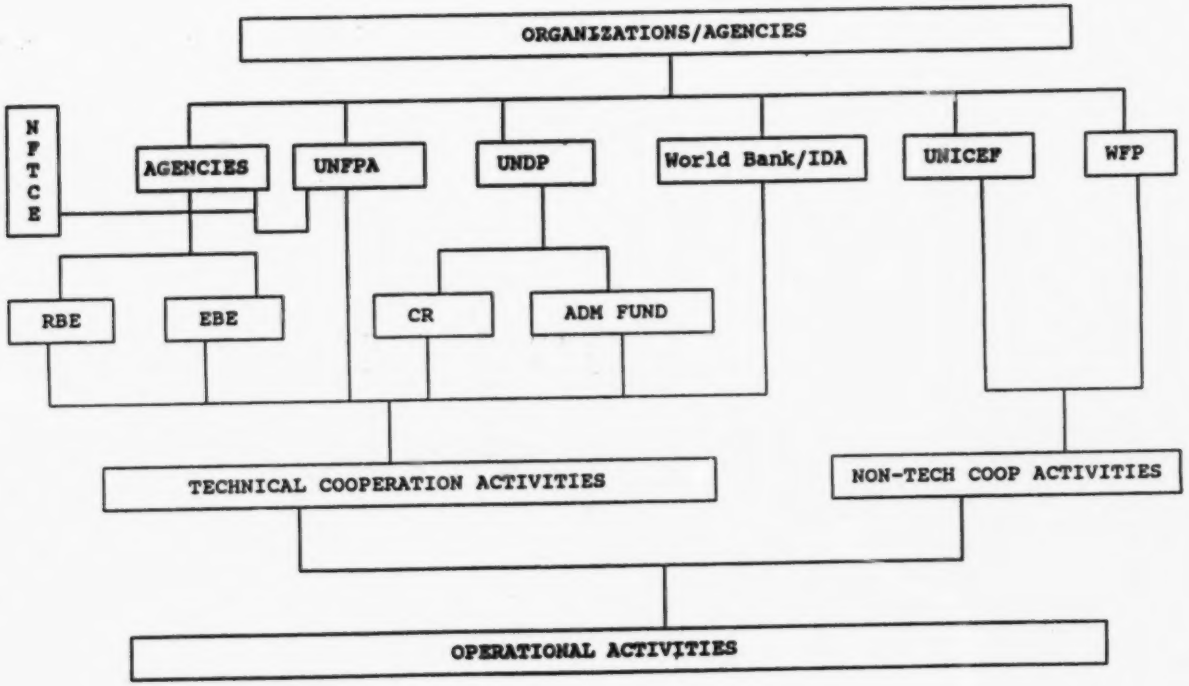
Bilateral expenditures. Expenditures under this heading are divided into: (a) expenditures channelled through the United Nations system and (b) unilateral self-supporting expenditures. The former comprises expenditures incurred against resources provided directly to the agency by a member state or an NGO to fund technical cooperation activities in any member country. It also includes expenditures against multi/bilateral contributions (e.g., contribution by one country for a specific project or projects in another) as well as expenditures by the agency against special purpose funds managed by the agency itself. Although the term "unilateral" is rather confusing, it is used to emphasize the fact that expenditures are used to finance technical cooperation activities within the country that made the contribution to the United Nations system. In other words, the expenditure is passed from the given country to the United Nations system and back to the same country; the only difference is that it has acquired a dual character: unilateral since it returns to the contributing country, but because it is routed through the United Nations system it also acquires a bilateral character. Hence its inclusion under the rubric of bilateral expenditure.

C. Contributions

Contributions are also classified according to source: multilateral and bilateral. The former is further subdivided into: (a) contributions from the United Nations system - in essence, such contributions represent an internal transfer of funds in the system among agencies (it is a circular movement of financial resources from one agency to the other) and (b) contributions originating outside of the United Nations system - such contributions are made by multilateral organizations that are not part of the United Nations system. Some such organizations include the AfDB, the Arab Gulf Fund for United Nations Development Organizations and the European Economic Commission. Bilateral contributions are similarly broken down as follows:

(a) contributions from countries/territories, representing funds donated to the United Nations system to support activities in developing countries;
(b) unilateral self-supporting contributions - contributions made by a country to finance technical cooperation activities in that country; and
(c) contributions from NGOs to the United Nations system.

ANNEX CHART 1. TECHNICAL AND OPERATIONAL ACTIVITIES



Abbreviations

NFTCE - Non UNDP-financed technical cooperation expenditures
RBE - Regular budget expenditures
EBE - Extrabudgetary expenditures
CR - Central resources of UNDP
ADM FUND - Funds administered by UNDP
WFP - World Food Programme
UNICEF - United Nations Children's Fund
UNFPA - United Nations Population Fund

/...

Abbreviations

NFTCE - Non UNDP- financed technical cooperation activities

RBE - Regular budget expenditures

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ANNEX CHART 2. CONTRIBUTIONS AND EXPENDITURES